

Senate File 166 - Introduced

SENATE FILE _____
BY BARTZ

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act exempting from the income tax a portion of the retirement
2 pay of certain military retirees and including a retroactive
3 applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1757XS 83
6 tw/mg:sc/5

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1 1 Section 1. Section 422.7, subsection 31, Code 2009, is
1 2 amended to read as follows:
1 3 31. For a person who is disabled, or is fifty-five years
1 4 of age or older, or is retired from service in the armed
1 5 forces of the United States, the national guard, or the armed
1 6 forces military reserve and is receiving a full pension for
1 7 such service, or is the surviving spouse of an individual or a
1 8 survivor having an insurable interest in an individual who
1 9 would have qualified for the exemption under this subsection
1 10 for the tax year, subtract, to the extent included, the total
1 11 amount of a governmental or other pension or retirement pay,
1 12 including, but not limited to, defined benefit or defined
1 13 contribution plans, annuities, individual retirement accounts,
1 14 plans maintained or contributed to by an employer, or
1 15 maintained or contributed to by a self-employed person as an
1 16 employer, and deferred compensation plans or any earnings
1 17 attributable to the deferred compensation plans, up to a
1 18 maximum of six thousand dollars for a person, other than a
1 19 husband or wife, who files a separate state income tax return
1 20 and up to a maximum of twelve thousand dollars for a husband
1 21 and wife who file a joint state income tax return. However, a
1 22 surviving spouse who is not disabled or fifty-five years of
1 23 age or older ~~can~~ or is not receiving a full military pension
1 24 may only exclude the amount of pension or retirement pay
1 25 received as a result of the death of the other spouse. A
1 26 husband and wife filing separate state income tax returns or
1 27 separately on a combined state return are allowed a combined
1 28 maximum exclusion under this subsection of up to twelve
1 29 thousand dollars. The twelve thousand dollar exclusion shall
1 30 be allocated to the husband or wife in the proportion that
1 31 each spouse's respective pension and retirement pay received
1 32 bears to total combined pension and retirement pay received.
1 33 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
1 34 retroactively to January 1, 2009, for tax years beginning on
1 35 or after that date.

EXPLANATION

2 1 This bill makes retirees from the armed forces, the
2 2 national guard, and the armed forces military reserve eligible
2 3 for an exemption from the individual income tax if they are
2 4 receiving a full pension for their service. The maximum
2 5 amount of the exemption, which includes other pensions or
2 6 retirement benefits received, is \$6,000 for individuals and
2 7 \$12,000 for married couples.
2 8 The bill applies retroactively to January 1, 2009, for tax
2 9 years beginning on or after that date.
2 10 LSB 1757XS 83
2 11 tw/mg:sc/5